

## UNAPPROVED

CITY OF BLAINE  
ANOKA COUNTY, MINNESOTA  
CITY COUNCIL WORKSHOP  
Thursday, January 17, 2019

6:00 p.m.  
Cloverleaf Farm Room  
10801 Town Square Drive

### CALL TO ORDER

The meeting was called to order by Mayor Ryan at 6:00 p.m.

### ROLL CALL

**PRESENT:** Mayor Tom Ryan, Councilmembers Wes Hovland, Julie Jeppson, Richard Paul, and Jess Robertson.

**ABSENT:** Councilmembers Andy Garvais and Dick Swanson.

Quorum Present.

**ALSO PRESENT:** City Manager Clark Arneson; Planning and Community Development Director Bryan Schafer; Public Works Director Jon Haukaas; Finance Director Joe Huss; Economic Development Coordinator Erik Thorvig; Public Services Manager/Assistant City Manager Bob Therres; City Engineer Dan Schluender; City Attorney Patrick Sweeney; Communications Technician Roark Haver; Captain Matt Carlson; Communications Coordinator Ben Hayle; and City Clerk Catherine Sorensen.

### 3.1 Amending Public Improvement Special Assessment Policy.

Public Works Director Haukaas stated City Councilmembers requested additional information regarding how some of our neighboring cities, plus one other metro comparison city, assess benefitting properties for street reconstruction projects. The following information is being provided to help Councilmembers understand the various ways this is being done and determine the right assessment policy for the City of Blaine. He reviewed a map of City streets noting those that were still in need of reconstruction and those that were already complete. Staff provided an overview of policies from neighboring cities and requested feedback from the Council on how to proceed.

Councilmember Robertson requested further information on MSA streets. Mr. Haukaas discussed how the City defined Minnesota State Aid routes and noted 20% of the City's roadways were designated as MSA. City Engineer Schluender discussed the design requirements for MSA routes. Further discussion ensued regarding the MSA routes in Blaine.

Mayor Ryan asked if staff records how schools were assessed for past improvement projects. Mr. Schluender explained staff was aware of how these properties were assessed in the past.

Councilmember Jeppson stated she understood there was a senior deferment program and inquired if the City had a low-income deferment plan. Mr. Haukaas commented on Minnesota Statute Chapter 429 special

assessment process, noting this process was guided by the State. He explained there were deferments for seniors, disabled and military personnel and reported hardship requirements had to be met.

Councilmember Robertson requested further information on how assessments would be handled for the Jefferson Street neighborhood. Mr. Haukaas reviewed the process that would be followed by the City and noted two project hearings would be held.

Councilmember Jeppson questioned why there was such an urgent need to amend the assessment policy. Mr. Haukaas explained staff was working to finalize expenses for the 2019 projects and how an amended assessment policy could impact expenses for the City. He indicated staff was trying to make a fair policy that the City could follow moving forward. He reported the streets proposed to be completed in 2019 were the lowest-rated streets in the City.

Councilmember Hovland stated he supported the City having curbs and gutters in order to keep storm water off of private property and encouraged staff to consider this during review of all street improvement projects. Mr. Haukaas explained this would be done by City staff going forward.

Council consensus was to support a 15-year time period for residential and commercial assessments, with the understanding assessments could be paid off early.

Mayor Ryan asked if the interest rates would fluctuate over the 15 years. Finance Director Huss reported interest rates would be set for 15 years.

Councilmember Jeppson stated she feared how residents would be impacted if the assessment rates were increased to 50%.

Councilmember Robertson agreed and stated she could support an assessment rate of 35%. She believed this was a fair middle ground for the City to pursue. She asked when was the last time the City Council amended the assessment rates. Mr. Huss stated this was done in 2010 when the City moved from 0% to 25% for the assessment rates.

Councilmember Robertson expressed concern with how the residents living along Jefferson Street would be impacted by a 50% assessment.

Councilmember Hovland agreed this was a concern and encouraged the Council to strike a balance. He believed one of the City's primary responsibilities was to maintain its infrastructure. He stated the City has had a lack of funding with respect to this responsibility.

Mayor Ryan stated he supported the assessment rate going to 50%. He shared his fear if the City went to 35% now and then had another increase in a year or two residents would be even more upset. Mr. Haukaas explained staff could complete estimates for both 50% and 35% in order to provide the Council with further information on how the assessment rates would impact the City.

Councilmember Hovland commented he could support an assessment rate of 40%. He asked if the current Pavement Management Program (PMP) would remain in place. Mr. Haukaas stated the PMP would remain in place and explained how the program dedicated \$500,000 on an annual basis to street projects.

Councilmember Hovland questioned if sealcoating would be paid for out of the General Fund going forward. Mr. Huss discussed the amount the City spent on an annual basis for sealcoating. He anticipated this expense could continue in the General Fund.

Councilmember Paul expressed concern with how the public would be informed of the assessment policy change. Mr. Haukaas reported the policy would have to be set prior to the information being sent out to the residents.

Mayor Ryan asked if a 40% assessment rate would cover the proposed expansion to the PMP. Mr. Huss discussed how the PMP would be financed by the City through debt and assessments, noting the levy would be stressed if a 40% assessment rate were approved because the debt levy would be increased. He stated a levy increase would be required if a 40% assessment rate were pursued. He believed the Council would have to have a further conversation on how the levy would be impacted by increased debt.

Councilmember Robertson stated she was having a hard time supporting an increase in the assessments from 25% to 50%. She explained she could support the proposed overlay assessment rates. Mr. Haukaas explained there was a problem with keeping the assessment rate at 25% as the City could not continue to cover its debt and expenses for street projects. Staff believed there was a need to increase the assessment rate.

Councilmember Hovland stated another way to compensate for the difference would be to reduce the number of streets that were being completed annually. Mr. Haukaas indicated staff was trying to catch the City up as it has fallen behind on its streets program. He noted 2019 was the largest project year and would set the stage for the City going forward.

Mayor Ryan commented the streets proposed to be completed in 2019 were full reconstruction projects and not overlays. He stated these streets were the worst of the worst. Mr. Haukaas reported this was the case.

Councilmember Jeppson inquired if a simple majority was required in order to amend this policy. City Manager Arneson explained as the action was a Resolution four affirmative votes would be required as per City Charter. He explained Councilmember Garvais supported a 50% assessment rate for residential properties and noted Councilmember Swanson would support the majority of the Council.

Councilmember Jeppson stated she believed this Council was at a huge disadvantage because street repairs have been postponed for years and now this Council had to take action, adding this was a difficult position for this Council.

Councilmember Hovland agreed the Council would have some tough decisions this year and expressed the importance of getting this decision right for the City so that it did not have to be redone in a year or two.

Mayor Ryan commented there were a number of residents living in the Jefferson Street area that have never paid an assessment to the City for the past 40 or 50 years.

Councilmember Robertson commented she was not on the Council for the majority of the 2019 budget talks. She stated she understood the need for an increase and explained she could get behind a 35% assessment rate. She was of the opinion this would be a step in the right direction. She explained she did not support raising commercial assessment rates to 66%.

Mayor Ryan indicated he feared that an assessment rate of 35% would be simply kicking the can down the road yet again.

Councilmember Paul discussed how an assessment change would impact the levy and budget. Mr. Huss commented further on how the Council would be committing to an increased tax levy if an assessment rate increase were not pursued.

Councilmember Hovland indicated if the assessment rates were not increased, everybody in the City would be paying more in taxes, whereas with the proposed assessment rate increase only those directly benefiting would be impacted. Mr. Haukaas reviewed proposed assessment payback figures with the Council in further detail.

Mr. Arneson stated it did not appear that the Council had four votes to move the assessment rate policy forward.

Councilmember Hovland indicated he could support 35% or 40% for the assessment rates but believed a 50% assessment rate was too high.

Councilmember Robertson commented she could support a 35% assessment rate for residential properties. Mr. Haukaas suggested the Council could adopt the 15-year assessment period and 35% residential assessment rate later this evening to move projects forward then began commenting on the commercial/industrial/high-density assessment rates.

Councilmember Robertson stated she did not support commercial/industrial assessment rates being increased to 66%.

Councilmember Jeppson expressed concern with a dramatic increase to commercial/industrial assessments as this would impact local businesses and their bottom line and shared her opinion that 66% was too much and would only support a slight increase to 55%.

Councilmember Hovland questioned if high-density should be removed from the commercial/industrial assessment rate. He supported the Council discussing this potential further.

Mayor Ryan summarized the Council could support a 50% assessment rate for commercial/industrial/high-density properties but was at an impasse for residential assessment rates. He stated he would like to see the Council pursuing a 40% assessment rate for residential properties as he feared a 35% assessment rate would result in the need for an increase again soon. Mr. Haukaas anticipated staff could still put together a good street improvement program with a 35% assessment rate.

Mayor Ryan expressed frustration that the entire Council was not present at this meeting to weigh in on this topic.

Councilmember Hovland stated it would be difficult to know when the entire Council would be in attendance at a meeting in order for this topic to be addressed.

Councilmember Jeppson agreed and suggested the Council take action on this item this evening.

Council consensus was to support a 15-year assessment period and retain the current 50% rate for commercial assessments with continued discussion regarding the 35% or 40% assessment rate for single family properties.

**OTHER BUSINESS**

Councilmember Jeppson requested North Metro Mayors Association be invited to a future workshop meeting to review benefit/purpose for the City of Blaine.

The Workshop was adjourned at 7:30 p.m.

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Tom Ryan, Mayor

ATTEST:

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Catherine Sorensen, CMC, City Clerk  
*Submitted by TimeSaver Off Site Secretarial, Inc.*